



REALTOR® Office Contact (ROC) - Legislative Briefing January / February 2010

Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.

FEDERAL

Healthcare Reform – Bills have passed both the Senate and the House and must now be merged into a final bill to be ratified by both Chambers before being sent to the President. NAR has weighed in throughout the entire legislative process with the Congressional offices and committees to secure changes to the bills that better address the challenges facing the REALTOR® community. NAR's vigilance was a major factor in the successful effort to fend off changes to the mortgage interest deduction as a "pay for" used to offset the cost of the health reform legislation. As Congress begins to merge these two bills into one, NAR will continue to monitor their progress to ensure that REALTOR® interests are addressed.

Home Valuation Code of Conduct (HVCC) – Currently an amendment is attached to H.R. 4173, the "Wall Street Reform and Consumer Protection Act of 2009", which will ultimately sunset the HVCC. While this bill has passed the House Financial Services Committee, there is agreement in Congress to work on the amendment language to incorporate the appraisal provisions from H.R. 1728, the "Mortgage Reform and Anti-Predatory Lending Act." These amendments provide enhancements to protect appraiser independence and regulate AMCs. NAR is supporting this amendment and we will work with Congress to support incorporating the appraisal provisions from HR 1728 into the CFPA legislation.

FHA 90-Day Anti-Flipping Rule Waived The Dept. of Housing and Urban Development (HUD) announced recently that it will eliminate for one year the Federal Housing Administration (FHA) 90-day anti-flipping rule. FHA's anti-flipping rule generally prohibits insuring a mortgage on a home owned by the seller for less than 90 days. That rule already has been waived for certain transactions, including REOs. Beginning Feb. 1, buyers may use FHA-insured financing to purchase properties resold through private developers and investors. This one-year waiver will give FHA buyers access to a broader array of recently foreclosed properties. Under the temporary waiver, all transactions must be made at arm's-length and may require additional documentation of improvements and justification of certain price increases. Additional documentation may include a second appraisal and a property inspection ordered by the lender.

C.A.R. recently submitted a letter to FHA Commissioner David Stevens detailing the challenges facing many FHA home buyers, such as the lack of housing inventory available to them, and the need to revise this rule to reflect current market conditions. The reexamination of the 90-day anti-flipping rule was passed as an action item during C.A.R.'s board of directors meetings in October.

STATE

Governor Schwarzenegger unveils his "California Jobs which Initiative" which includes extending and expanding the \$10,000 homebuyer state tax credit

This proposal will:

1. Create 100,000 New Jobs And Train An Additional 140,000 Californians With A New Job Creation Initiative
2. Streamline Regulations To Get Shovels In The Ground - Creating Jobs And Spurring Economic Activity
3. Extend The Home Buyer Tax Credit To Encourage Homeownership
4. Eliminate Sales Taxes On Green Tech Manufacturing Equipment To Increase Investment In California's Fastest Growing Economy
5. Eliminate Frivolous Lawsuits That Punish California's Small Businesses

Tax credit specifics: To continue encouraging homeownership among Californians, the Governor will propose to extend and expand the \$10,000 homebuyer tax credit to include the purchase of existing homes in addition to new residences for first-time homebuyers. The buyer must not be a dependant and must be purchasing a home that does not belong to a relative. Under the Governor's proposal, the Franchise Tax Board will extend the credit to buyers who purchase homes until \$200 million dollars in tax credits have been granted.

Please contribute to the REALTOR® Action Fund so SDAR may continue to protect your interests. For additional information or to contribute to the REALTOR® Action fund, please contact the Government Affairs Dept. at govaffairs@sdar.com or 858-715-8038.



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LOCAL

Chula Vista Vacant Property Ordinance: On Tuesday, January 26, the Chula Vista City Council approved important changes to their Residential Abandon Properties Ordinance (also known as the “Vacant Properties Ordinance”). After more than an hour of testimony by SDAR, individual South Bay REALTORS®, and PSAR on the problems and unintended consequences of the ordinance, the city council voted unanimously to revamp the ordinance and set up a process for the REALTORS® and city staff to resolve outstanding concerns.

The revised ordinance exempts short sales and properties in default that are listed as for sale or rent. Properties fitting this description will not be subject to liens provided that a “for sale” sign is posted on the property or the property is listed in the MLS. The ordinance still applies to properties that have been the subject of a foreclosure (REO’s) and any properties that have been transferred under a Deed in Lieu of Foreclosure.

The ordinance maintains the requirement that properties that fall into default shall be registered with the city; however registration can now be completed with no city fee through the national Mortgage Electronic Registration System (MERS) database in lieu of registering with the city.

And in perhaps what was a clear signal from the city council to the city’s code enforcement division that the code enforcement approach was amounting to excessive fines and liens, the council voted unanimously to cut their fines in half. The reduced fines will only apply for the first 30 days of the violation, however, and the city council will review any potential negative effects of the reduced fines on code enforceability in six months.

Finally, the city council followed up their approval of these important changes with direction to staff to establish a formal process to resolve the outstanding issues with the REALTOR® community and return to the city council in 60 days with additional recommendations for improving the ordinance.

The outstanding issues include the questionable nature of some of the violations and fines, case stories of properties that were purchased and completely restored only to be hit with excessive liens, and properties that contain structures built without permits also being targeted by code enforcement to the chagrin of hapless new buyers.

We need to hear from you on what your personal experience has been in Chula Vista with this ordinance and similar ones in other jurisdictions. Please email us as govaffairs@sdar.com and let us know of any specific cases you’ve been involved in where liens were placed or code enforcement actions were taken on a distressed property (in Chula Vista or elsewhere). Please provide us with the details of the case such as the nature and history of the violation(s), whether any liens were recorded and if so, what amount, what steps, if any, were taken to resolve the violations and/or remove the liens, and other details that are relevant to the case. Any information you provide will be kept confidential and no specific cases will be shared with the city. This information will be used solely for the purpose of outlining the issues that still need to be resolved with the city’s ordinance and code enforcement approach.

Over the next couple months SDAR will be working with the city to identify these remaining problem areas and to bring forward solutions to the city council. We will also be taking the lead in assisting C.A.R. with crafting legislation for a consistent, equitable statewide approach to the abandoned properties issue. Thank you for your help in resolving this issue and thank you for your commitment to SDAR.

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